



Building a *New NY...with you*

2012 State of the State Address

Governor Andrew M. Cuomo

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**ANNUAL MESSAGE
STATE OF NEW YORK
January 4, 2012**

***To the Members of the Legislature
of the State of New York:***

One year ago — almost to the day — I delivered my first State of the State address as your Governor.

I said last year that New York was at a crossroads.

New Yorkers were hurting. The economy was causing hardship and anxiety. People needed help. But our State government was mired in scandal, ineffective, and rife with partisanship.

One year ago, we were divided as a state: Upstate and Downstate, millionaires and the middle class, gay and straight, Democrats and Republicans.

Our state had a deficit. And not just a fiscal deficit, but even worse, a trust deficit, a performance deficit, and an integrity deficit.

New Yorkers deserved better — and New Yorkers knew it.

For me, the Capitol building itself was a symbol of the deterioration, decline, and dysfunction of State government. It had been under renovation for eleven years, and it was scheduled to take an additional four. By the time they were done with the repairs, we would have had to start all over again!

The situation was grim. Our people had problems, and our

government did not have the capacity or the credibility to help.

New Yorkers had a choice to make. We could remain dysfunctional and divided, or we could come together, reestablish our government, and rebuild our great state. We made the right choice.

We chose to begin to change the culture of Albany.

To put the people first.

To rebuild the trust.

To restore our deteriorating Capitol.

And in just one year, working together, we made great progress. The 234th Legislative Session was one of the most productive for our state government in modern political history.

We began the year by closing a \$10 billion deficit with no gimmicks, and we did it on time. The budget included historic reforms to redesign and consolidate state government, eliminate automatic spending increases that cost New Yorkers billions of dollars, and cap spending increases for education and Medicaid.

After 20 years of failure, we enacted the state's first-ever property tax cap. New York's property taxes are among the highest in the nation, but for more than 15 years, both houses of the Legislature and three governors failed to bring these skyrocketing costs under control. The tax cap that we enacted limits increases in property taxes to 2 percent, or the rate of inflation — whichever is less. Schools and local governments can go beyond the cap, but only if 60 percent, respectively, of the voters or local legislative body approve.

We eliminated over 3,800 prison beds and 370 juvenile facility beds — because we finally accepted that prisons are not an economic development program. In addition to the closure of Tryon Boys Residential Center in January 2011, we shut four residential juvenile facilities and downsized another four. We have worked to put a greater emphasis on prevention and on community-based alternatives to incarceration.

We eliminated the MTA payroll tax for almost 290,000 small businesses, 81 percent of small businesses in the MTA region. In addition, we cut the payroll tax by as much as two-thirds for more than 6,000 businesses with payrolls between \$1.25 and \$1.75 million. We also eliminated the MTA payroll tax for over 410,000 self-employed taxpayers who make less than \$50,000 a year. The total savings from the MTA tax cuts will be \$250 million. The state will compensate the MTA for revenue lost as a result of the tax cut.

We passed the toughest rent regulation laws in 30 years. The new laws will protect more than one million New Yorkers from skyrocketing rent by, among other things, raising the deregulation rent threshold for the first time since 1993 and raising the income threshold for the first time since 1997. It will also help prevent landlords from manipulating the system to move apartments out of rent regulation.

We executed a new economic development policy with our New York Open for Business campaign and by establishing Regional Economic Development Councils across the state.

We passed an affordable energy policy with Recharge NY, on-bill energy efficiency financing, and, after a decade of trying, an Article X electric generation siting law. These programs will lower energy costs, promote energy efficiency, and reduce pollution.

We passed ethics reforms to restore trust in government. The Public Integrity Reform Act of 2011 contains some of the most comprehensive ethics improvements enacted in state government. Among other things, it requires state officials to disclose outside clients and customers, requires a detailed disclosure of officials' income and assets, creates a database of all individuals and firms that represent clients before state agencies, requires all lobbyists and clients of lobbyists to disclose all business relationships with public officials, and broadens the definition of lobbying. And it strips public officials convicted of a felony in relation to their office from receiving their taxpayer-funded pension.

We attacked chronic, high unemployment among disadvantaged inner-city youth with an innovative jobs program that will provide immediate tax credits to businesses that hire our youth and will also provide training to make sure these youths are ready for employment.

We provided desperately needed flood relief to storm-ravaged homeowners, farmers, and small business owners.

We restored New York's reputation as *the* progressive capital of the nation. We passed landmark achievements in social justice and economic justice.

For decades, millions of New Yorkers had been treated as second-class citizens by their own government. We ended that injustice. We stopped the discrimination. We made history. We led the nation. We passed marriage equality for ALL New Yorkers and we did it together. With this historic victory, New York is the largest state in the nation to grant same-sex couples the freedom to marry.

But we didn't stop there. We also fought for tax fairness. For decades, millions of New Yorkers were burdened with an unfair tax code. Whether a person made \$20,000 or \$20 million, they paid the same rate. It was just wrong —

because a flat tax is not a fair tax. Last month, we changed that, adding new brackets for the middle class and for high-earners. Our principle is simple: the more you make, the higher rate you pay. And we stimulated our economy by cutting taxes for New Yorkers earning \$40,000 to \$300,000. Today, the middle class is paying the lowest rate in 58 years.

Without a doubt, 2011 was a successful year for our state. It was also a challenging year. And the most heroic acts of last year did not happen in Albany — they happened in communities across the state.

Last summer, Hurricane Irene and Tropical Storm Lee devastated communities all over the state — communities that could least afford it. We are still reeling from the damage today. But in our darkest hours, New York shined the brightest, and the storm clouds had a silver lining: the way New Yorkers responded.

People all across the state came together in a beautiful display of community. And our first responders were selfless. They were professional. And they were courageous. They are what public service is all about.

We have accomplished much, there is no doubt. We have been through much, there is no doubt. But there is also no doubt that we have only just begun. We have established the capacity and credibility to govern. We have reversed decades of decline. Now is the time to get to work — building a *New New York*.

In New York, we may have big problems, but we confront them with big solutions. Today, I am laying out a three-part plan:

1. The next phase in our economic blueprint for growth

2. A reimagined government that can make our plans a reality
3. And a New York vision for a progressive future

THE ECONOMIC BLUEPRINT

Our challenge for 2012 is this: How does government spur job creation in a down economy while limiting spending and maintaining fiscal discipline? The answer: Creative public-private partnerships that leverage state resources to generate billions of dollars in economic growth.

We Will Build the Largest Convention Center in the Nation

Let's begin by building on our economic strength.

New York is an international destination. Tourism is at record numbers. Tourists spent \$50 billion in New York State in 2010. We know that if we build it, they will come — because New York is the place to be. But we must stay ahead of the competition.

Convention centers are important generators of economic activity. New York needs a larger, state-of-the-art venue to be competitive for the largest tradeshow and conventions.

The Jacob Javits Convention Center on Manhattan's West Side is obsolete and not large enough to be a top tier competitor in today's marketplace. The Javits Center is, in fact, 12th in the nation in size — behind the convention centers in Anaheim and Atlanta.

This is not a new problem. We have talked about it for

years. But today is different, because today I propose we do something about it. I propose that we build the largest convention center in the nation. 3.8 million square feet — larger than McCormick Place in Chicago, which is currently the largest in the United States. This will bring to New York the largest events, driving demand for hotel rooms and restaurant meals and creating tax revenues and jobs, jobs, jobs.

We are pursuing a joint venture with the Genting Organization, a gaming development company, to complete this vision at the Aqueduct Racetrack venue. It is a \$4 billion private investment that will generate tens of thousands of jobs and economic activity that will ripple throughout the state. In addition to the new convention space, up to 3,000 hotel rooms will be developed. We will make New York the #1 convention site in the nation.

We Will Master Plan the Javits Convention Center Site

We can then master plan the 18-acre Jacob Javits Convention Center site as a mixed-use facility to revitalize New York City's West Side. We will follow the highly successful Battery Park City model, which has resulted in housing, hotels, museums, and over 10 million square feet of Class A office space. As part of the redevelopment, we will explore options for serving the needs of smaller and medium sized trade shows at the Javits site or elsewhere on the West Side of Manhattan.

We estimate over \$2 billion in private sector development in creating a new 21st century neighborhood for the West Side. To put it in perspective, the Javits Center site is larger than the World Trade Center and the United Nations. This will complement the development at Hudson Yards and Moynihan Station.

\$1 Billion Economic Development Package for Buffalo

While we build on our strength in New York City, we must also invest in the struggling areas of our state. New York is a stronger state when every region of our state is strong.

Buffalo has the third highest poverty rate of any city in the nation, behind only Detroit and Cleveland, with 28% of residents living in poverty and chronically high unemployment.

But it doesn't have to be that way.

We know from experience that large investments in growth industries can pay substantial dividends. Twenty-five years ago, the state began investing in the Albany area's high-tech industry. Today, the Albany area is a world-class center for nanotechnology innovation and the home of major semiconductor manufacturers. We saw great results from a substantial, sustained state investment.

We can do it again. We did it in Albany, and we can do it in Buffalo.

Buffalo has the workforce, the talent, the resources, and the will to succeed. We believe in Buffalo. And we'll put our money where our mouth is.

So, today, I say to national and global industries: Come to Buffalo. The State of New York is ready to invest \$1 billion in a multi-year package of economic development incentives. That's a "B" — for \$1 billion and for Buffalo.

Let's empower the Buffalo Regional Council to develop a viable plan to create thousands of jobs and to spur at least \$5 billion in new investment and economic activity.

I have asked Bruce Katz of the Brookings Institution, a national expert on regional economic development strategies, to work with Buffalo to meet this challenge.

Second Round of Regional Economic Development Awards

Last year, we implemented our new economic policy:

- A macro strategy with New York Open for Business, a coordinated communications and marketing effort demonstrating to business leaders throughout the world the benefits of doing business in New York State; and
- A micro strategy with the Regional Economic Development Councils.

The Regional Councils exceeded all expectations across the state and redefined the way New York invests. Lieutenant Governor Bob Duffy has done a remarkable job in this effort. The councils transformed the state's economic development approach from a top-down model to a bottom-up, community-based one. The Councils act as a coordinated point of contact for state-supported economic development funding and business assistance programs in each region. This year, \$785 million was awarded through the Councils.

We will keep the momentum going this year. We will be launching a \$200 million second competitive round of regional economic development awards.

This year, New York Open for Business will go global and include a new effort coordinated by the Empire State Development Corporation and the Port Authority to boost New York's international competitiveness and market New York to the world as a place to invest and do business. New

York Open for Business will also promote tourism by highlighting our regional treasures like the Adirondacks, Catskills, our wine country, and our Long Island beaches. We have the greatest attractions in the country; let's market them properly and generate more tourism throughout the state.

Comprehensive Approach to Casino Gaming

We have long flirted and dallied with another potential economic engine — casino gaming — and when it comes to gaming, we have been in a state of denial.

It's time we confronted reality.

It's not a question of whether we should have gaming in New York — the fact is we already do. Native Americans have five casinos in New York and we have nine racinos at our racetracks. We don't fully realize it, regulate it, or capitalize on it, but we have gaming. In fact, New York State now has 29,000 electronic gaming machines — more than Atlantic City, and more than any state in the Northeast or Midwest.

Our state is also surrounded by gaming. States and Canadian provinces just across our borders have legalized casino gaming. They get the tourism, the revenue, and the good jobs that belong here.

It's estimated that over \$1 billion of economic activity from gaming can be generated in our state. Therefore, let's amend the Constitution so that we can do gaming right. And let's take the first step this year.

The NY Works Fund and Task Force

We have a great opportunity to rebuild New York. We need private sector jobs, and we also need to rebuild our

infrastructure to keep New York competitive and safe.

Currently:

- 32 percent of the state's bridges are rated deficient;
- 40 percent of the state's roads are rated fair or poor and getting worse; and
- 83 percent of our state parks and DEC's major dams are in disrepair.

We have much work to do. We cannot wait. And we need a new approach to get it done.

Today, I am announcing the New York Works Fund and Task Force to master plan, coordinate, leverage, and accelerate capital investment and put thousands of New Yorkers to work in every corner of the state. We will leverage state investment by a multiple of 20-to-1.

We will improve or replace more than 100 bridges. And we will finally build a new the Tappan Zee Bridge — because 15 years of planning is too long. We will repair 2,000 miles worth of roads – that's like driving from Buffalo to New York City five times! We will build new roads, bridges, and other critical transportation projects across the state.

We will finance upgrades to 90 municipal water systems. We will improve 48 state parks and historic sites visited by over 37 million people each year.

And in the wake of Hurricane Irene and Tropical Storm Lee, we will repair 114 flood control projects and dams.

Strengthen Our Energy Infrastructure with an “Energy Highway” System to Power New York’s Economic Growth

Another key to powering our economic growth is expanding our energy infrastructure. Just as President Eisenhower’s interstate highway project propelled the nation forward in the 1950s, today the energy grid provides critical infrastructure and an opportunity for economic growth.

We have an excess of generation capacity and tremendous wind power potential in Upstate and Western New York and north of the border in Quebec. We have tremendous energy needs Downstate. Just as we built the New York State Thruway to unite distant parts of the state, we will develop an “Energy Highway” system that will bring excess fossil-fuel energy from Western New York downstate, and also tap into Upstate’s potential for renewable energy, like wind power. Just like we built the Northway, we will develop an energy expressway down from Quebec. This will preserve Western New York’s current allocation of low cost hydropower and at the same time help address the energy needs of Downstate.

To make this happen, we will issue requests for proposals to implement a master plan to power our needs for the next half-century. We believe private companies will finance and build \$2 billion in infrastructure to complete the system and build the capacity to supply New Yorkers.

We will also work on repowering old and dirty plants so they stop polluting our urban neighborhoods and start increasing energy supply. The permanent Article X energy siting law we passed last year will be a critical tool to help with meeting our energy needs *and* protecting our environment in this effort. Not only will it fast-track much needed energy generation projects, but it will also be a model for including

some of the strongest environmental protection regulations in the nation.

MTA Investment

Investments by the Metropolitan Transportation Authority help protect the reliability of the transportation network that supports the metropolitan New York regional economy and 8.5 million riders a day. MTA capital investment is also a major driver of economic activity and infrastructure development. The MTA's "Built in NY" program has an impact on economic development throughout New York State, from Oriskany to Jamestown, Yonkers to Plattsburgh. Vendors and suppliers around the state support MTA work and provide thousands of local jobs. We will continue to work with the Legislature to support the MTA capital program, not only for the system's 8.5 million daily riders, but also for manufacturing in the state.

Invest in Solar While Protecting Ratepayers

New York is a national leader in renewable energy production and use. Not counting our large-scale hydropower resources, close to 2,000 megawatts of renewable energy capacity have been built in New York — a number nearly three times greater than the combined total of Massachusetts, New Jersey, and Connecticut. Moreover, we have one of the most cost-effective renewable resource development programs in the country.

New York is fortunate to have abundant water, wind, biomass, and solar resources. Over the decades, we have aggressively developed our hydroelectric resources and are making great progress in tapping our land-based wind resources. Now it is time to focus more attention on exploiting our solar potential.

But we need to do this in ways that protect the ratepayer — and certain approaches that have been proposed do not meet both goals of expanding production of solar energy *and* protecting the ratepayer. Solar power is still more expensive per megawatt hour to develop than other renewables.

Therefore, we will greatly expand the state's solar programs, but as we do so we will keep an eye firmly on costs. We will increase competitive procurement of large, commercial-sized solar projects. And we will expand rebate programs for residential and commercial small-to-medium systems.

In its first year, the NY-Sun Initiative will be capable of doubling the customer-sited photovoltaic capacity that was installed in 2011. By 2013, we estimate that NY-Sun will quadruple the 2011 capacity. We will continue to establish New York's technology leadership in this important emerging market while balancing investments in other renewable resources and protecting the taxpayer. This approach will create jobs, expand solar power, and protect ratepayers — a win, win, win.

Expedite On-Bill Financing for Consumer Energy Efficiency Upgrades

New York was the first state in the nation to offer a statewide program that allows consumers to retrofit their homes with energy efficient upgrades and pay for the cost on their monthly energy bill. The work pays for itself over time because the energy savings reduce consumers' energy bills by more than the cost of repaying the loan. On-bill financing was scheduled to commence in June 2012, but we have reached an agreement with utilities to begin offering it in January 2012. This early start will help produce immediate jobs, and it has the potential to provide benefits to 40,000 homes across the state.

Master Plan for Energy Efficiency in State Facilities

In order to promote energy efficiency — and, at the same time, save money, create jobs, and reduce pollution — we are developing a master plan for accelerating energy-saving improvements in state facilities. The plan will call for substantial investment in cost-effective energy efficiency measures in state buildings over the next four years.

Millions of dollars can be saved if we implement economical energy efficiency measures. All of this will be accomplished at no cost to the state because the upfront investment will be repaid from the energy savings.

Beyond the financial benefit, this program will also create thousands of highly skilled jobs across the state, including energy auditors, planners, engineers, electricians, and construction workers, and it will reduce lifecycle greenhouse gas emissions by 8.1 million metric tons — roughly equivalent to removing 1.4 million passenger vehicles from the road for one year.

Hydraulic Fracturing in the Southern Tier

In 2011, the Department of Environmental Conservation (“DEC”) conducted a comprehensive review of the impact of proposed gas drilling using high-volume hydraulic fracturing. DEC presented for comment significantly improved measures to protect the state’s drinking water, air, land, and other natural resources, and completed a study of potential socioeconomic impacts. DEC released the revised draft Supplemental Generic Environmental Impact Statement and comprehensive regulations governing all aspects of high volume hydraulic fracturing. DEC also held four public hearings around the state, attended by a total of 6,000

people. The Department received more than 15,000 comments.

DEC is reviewing all the comments and expects the final environmental impact study and the advisory panel's recommendations to be released in 2012, before any decisions are made on how to proceed.

Farm-NY: Strengthening Our Agriculture Sector

Agriculture contributes billions of dollars to New York's economy and has even more untapped capacity. We must do more to support and grow this critical industry. There is a serious need for new and upgraded farm infrastructure, and farmers will need access to low-interest loans, especially if interest rates rise in the next few years, to make these improvements.

We will free up vital capital by expanding the New York State Linked Deposit Program (LDP). Administered by the Empire State Development Corporation, the Linked Deposit Program provides farmers with capital at affordable interest rates. Currently, farmers can qualify for loans at a 3 percent interest rate reduction, if the project is located in a designated area of the state. We propose modifying the program to allow farmers anywhere in the state to qualify.

The U.S. Department of Agriculture has identified "food deserts" in 32 of New York's 62 counties, affecting more than 600,000 New Yorkers. Data show that almost 1.5 million New Yorkers live in areas with limited supermarket access. To help meet these New Yorkers' needs, we plan to expand FreshConnect farmers' markets, which have been highly successful. For example, our flagship market in Harlem attracted approximately 2,000 people each week.

Finally, we will promote food distribution by creating large-scale distribution hubs strategically located across the state.

Expanding food access for underserved communities can improve nutrition and lower costs related to obesity and diet-related disease while fostering community and economic development. Tackling the food access problem with New York agricultural products is a “win-win,” benefitting underserved communities and New York farmers alike.

REIMAGINING GOVERNMENT

Without a doubt, this is an ambitious agenda. And we need a government that can make it happen. This is not a question of tinkering around the edges. We have to fundamentally reimagine how government operates.

We need a government that performs better and costs less.

A government that works for the people must make a long-term commitment to fiscal discipline. Our state is better able to compete when we keep taxes down. That means holding the line this year and agreeing to close our remaining \$2 billion budget deficit with no new taxes and no new fees.

It also means enacting mandate relief. By next year, pension costs for schools and state and local governments will have increased 100 percent since 2009. We need to reform the pension system and create a Tier VI.

The joint Legislative and Executive Mandate Relief Council we created last year will begin its work this month. I will request that the Council hold public hearings. We need a robust public discussion on the pros and cons of the mandates. The Commission will issue a package of recommendations by the end of the session. We need a yes or no vote this year.

Using Technology to Improve Performance and Reduce Cost: Virtual Capitol Online

To give our citizens more direct access to state government and to improve their customer experience, we are creating a “Virtual Capitol Online,” a one stop shop for citizens.

The Virtual Capitol Online will feature a seamless approach, allowing citizens young and old to easily access information about an array of state agencies. It will also build on existing efforts to simplify online procedures for citizens searching for a range of services, such as finding support for a business, accessing health and human services information, and interacting with tax, labor, and motor vehicle agencies.

Education Commission to Promote Performance and Accountability

As we reimagine government, we must focus on our core values.

The future of our state depends on our public schools. A strong, effective school system is the hallmark of a healthy democracy.

We must make our schools accountable for the results they achieve and the dollars they spend.

I learned my most important lesson in my first year as Governor in the area of public education. I learned that everyone in public education has his or her own lobbyist.

Superintendents have lobbyists.

Principals have lobbyists.

Teachers have lobbyists.

School boards have lobbyists.

Maintenance personnel have lobbyists.

Bus drivers have lobbyists.

The only group without a lobbyist?

The students.

Well, I learned my lesson. This year, I will take a second job — consider me the lobbyist for the students. I will wage a campaign to put students first, and to remind us that the purpose of public education is to help children grow, not to grow the public education bureaucracy.

Today, we are driven by the business of public education more than the achievement in public education. Maybe that's why we spend more money than any other state but are 38th in graduation rates.

We have to change the paradigm. We need major reform in two areas:

- Teacher accountability and student achievement. We need a meaningful teacher evaluation system. The legislation enacted in 2010 to qualify for Race to the Top didn't work.
- Management efficiency. We must make our schools accountable for the results they achieve and the dollars they spend.

We cannot fail in our mission to reform public education, because we simply cannot fail our children.

I will appoint a bipartisan education commission to work with the Legislature to recommend reforms in these key areas.

Redesigning Our Emergency Management System

Another core mission of government is public safety. In this year's floods, we learned the hard way that we must anticipate and be well-prepared for all emergencies. We need a statewide network of emergency responders who are prepared for anything, anytime.

Our current system has serious limitations. During storms Irene and Lee, I witnessed firsthand breakdowns in communications and transportation and inadequate deployment of personnel. We must have the best state emergency management operation in the country.

Thankfully, we have the right person to lead this effort, Jerry Hauer. Jerry is an emergency management expert who served as Acting Assistant Secretary for the Office of Public Health Emergency Preparedness at the U.S. Department of Health & Human Services. He was also the former head of emergency management for the City of New York and the State of Indiana. He will help establish a new statewide network of municipal and regional emergency responders to help ensure the most efficient deployment of all our combined resources in emergency situations. Jerry will convene the first network conference in the coming months.

NEW YORK AS PROGRESSIVE CAPITAL

New York has a long and proud history as the progressive capital of the nation. It's a legacy that we reestablished last year with passage of landmark legislation such as the Marriage Equality Act. We must build on our success this year.

Foreclosure Prevention Assistance: Creation of a Foreclosure Relief Unit

The financial crisis has taken a terrible toll on our state's homeowners, forcing many out of their homes and putting many others at risk of foreclosure. Banks are unable or unwilling to renegotiate loans, and many of their foreclosure practices were questionable. Last year, I announced the new Department of Financial Services to provide meaningful oversight of our banks. The Department of Financial Services was a New York State innovation, combining financial regulation with consumer protection.

This year, I'm proud to announce that DFS is fully functioning and will soon include a Foreclosure Relief Unit to provide counseling and mediation services to help New Yorkers stay in their homes. We need to resolve this crisis so we can move on.

Creating a Tenant Protection Unit

Last year, we enacted the strongest rent regulations in 30 years. However, we have learned that tough laws on the books are not enough. Now, we must make sure those laws and regulations are being enforced.

While most landlords follow the law, there are still some bad actors and they must be held accountable. We will create the Tenant Protection Unit, which will be a part of an aggressive protection and landlord fraud prevention initiative housed in New York State Homes and Community Renewal. The Tenant Protection Unit will proactively enforce landlord obligations and impose strict penalties for failure to comply with New York's rent laws. Specifically, the Unit will investigate owners who may be involved in fraudulent schemes to deregulate apartments and thereby eliminate Rent Stabilization Law protections; commence overcharge proceedings against owners who are gouging tenants; and prosecute owners who fail to maintain basic building services such as heat and hot water. The Unit is just one part of my administration's plan to ensure that we are protecting the rights of the over one million tenants in rent stabilized apartments. The initiative includes developing state of the art technology to improve compliance monitoring and fraud detection. We will also improve outreach, service and notice to tenants.

These efforts will help to preserve the supply of safe and affordable housing in New York. Too many tenants have been abused for too long and it stops now.

Continued Commitment to Minority- and Women-Owned Businesses

Last year, I created a Minority- and Women-Owned Business Task Force dedicated to expanding economic opportunities for minority- and women-owned business enterprises ("MWBE"). The MWBE Task Force has aggressively sought ways to expand opportunities for MWBEs, and we will build on the Task Force's work this year.

In this economy, obtaining credit is difficult for almost

everyone, especially small and minority-and-women-owned businesses. MWBEs historically have not been able to compete with more established companies on large construction projects because they lack credit and capital. The state will address this problem by extending credit that will give MWBE contractors the backing they need to compete. This program will support at least \$200 million in contracting for MWBE firms over a period of years.

We must also make sure that all eligible MWBEs are certified. Therefore, we will expand the pool of certified MWBEs and expedite and modernize the certification process. We will implement a new web-based MWBE Certification and Tracking System to enable applicants to submit documents online, track the progress of their application, and be notified electronically of any missing information.

The state will also hold quarterly open houses to provide technical and procurement support for small businesses, helping both to increase the pool of certified MWBEs and to provide the tools necessary to obtain state contracts.

Because of these efforts, among many others, we will hit our target of doubling MWBE participation in state contracting to 20 percent.

Caring for Our Most Vulnerable Citizens

We must transform the way we deliver services to our over two million residents with disabilities. We spend more than any other state on services and support provided both by our government and a vast array of nonprofit and private agencies. Yet according to a recent report, New York ranks in the bottom quartile among states in serving adults with disabilities. This situation is fiscally irresponsible and morally unacceptable.

Many of the problems our disabled residents encounter are not the result of limited resources, but rooted instead in failures in the organization and management of services. We must develop a system that recognizes the potential of and the barriers faced by each individual we serve. We must focus on quality and prevention, and simplify and streamline access to services.

As the Supreme Court ruled in *Olmstead v. L.C.*, people with disabilities have a right to receive care in the most integrated setting appropriate to their needs. Therefore, we will develop an Olmstead Implementation Plan that will guide the transition of individuals from institutional to community-based care, provide access to affordable and accessible housing, and promote employment of persons with disabilities. We must erase stigmas and ensure that the rights of people with disabilities are fully recognized and fully protected.

In addition, we must do all we can to ensure the safety of those in our care. That is why, last year, I appointed Clarence Sundram, a leading expert on the provision of care to persons with developmental disabilities, as my Special Advisor on Vulnerable Persons. Mr. Sundram has engaged in a comprehensive review of relevant state programs and we will implement reforms to better protect against abuse and neglect.

Implement the New York Health Exchange

Almost 16 percent of New Yorkers under the age of 65 — 2.7 million people — are uninsured. Most are working people and their dependents.

We have a unique opportunity to address this challenge by developing a New York State Health Insurance Exchange

that will be financed entirely by the federal government. When the Exchange is implemented, more than one million New Yorkers will gain health coverage and individuals who currently buy their coverage directly will see their cost drop by 66 percent. Small businesses will see the cost of providing coverage to their employees drop by 22 percent. In addition to the benefits to the uninsured and small businesses, the Exchange will benefit New York's taxpayers. The \$1.7 billion that taxpayers currently contribute to offset the cost of providing care to the uninsured will be significantly reduced. The increased federal Medicaid match that recognizes New York's higher Medicaid eligibility levels will bring an additional \$18 billion in funds to the state over 10 years.

We must enact the legislation necessary to establish the Health Insurance Exchange now.

Additional SUNY Challenge Grants

Our SUNY system is a precious New York asset. It has been the great equalizer for the middle class. It has allowed countless New Yorkers from working families to gain a quality college education. Last year, we enacted NYSUNY2020, offering challenge grants to SUNY research centers for plans to connect academic excellence and economic development. This year, we will offer SUNY's 60 other campuses the ability to compete for three \$20 million challenge grants, with \$10 million coming from the Executive and \$10 from SUNY.

I am proud to partner with SUNY Chancellor Nancy Zimpher to make our colleges and universities centers of excellence, innovation, and job creation.

No Child Should Go to Bed Hungry in New York

For all of our progress, there are still basic wrongs to right. There is never an excuse for letting any child in New York go to bed hungry. Statewide, 1 in 6 children live in homes without enough food on the table. Yet 30 percent of New Yorkers eligible for food stamps — over 1.4 million people — do not receive them, leaving over \$1 billion in federal funds unclaimed every year. We must increase participation in the food stamp program, remove barriers to participation, and eliminate the stigma associated with this program. And we must stop fingerprinting for food. No child should go hungry in the great State of New York and we will do all that we can to prevent it.

Create an All-Crimes DNA Database

To protect all New Yorkers, I propose that we expand our DNA databank. This databank helps establish guilt and innocence; it has provided leads in over 2,700 convictions and — just as important — led to 27 exonerations of the wrongfully accused.

Currently, DNA is collected only from those convicted of less than half the crimes on the books in New York State. Among the exclusions are numerous crimes that are often precursors to violent offenses. As a result, we are missing an important opportunity to prevent needless suffering of crime victims. We are also failing to use the most powerful tool we have to exonerate the innocent.

I will propose a bill requiring the collection of a DNA sample from any person convicted of a felony or Penal Law misdemeanor. DNA can be the key to exonerating the innocent, convicting the guilty, and protecting all New Yorkers in a fair and cost-effective way. Let's put New York on the cutting edge of criminal justice and become the first

state in the nation to collect DNA on all crimes. Let's lead the way again.

Establish a Tax Reform and Fairness Commission

Our recent reforms to the state's tax code will boost job creation and restore fairness to the tax system. While these reforms were huge steps forward, there is more work to be done to create a complete fair tax plan. That is why I am creating a Tax Reform and Fairness Commission to propose additional, long-term changes to our corporate, sales, and personal income tax systems. We will find ways to close tax loopholes, promote efficiency in administration, enhance collection and enforcement, and simplify the tax code to improve New York's business climate, especially for small businesses.

Implement Campaign Finance Reform

It's time we make sure that all New Yorkers have an equal voice in our political process. Therefore, it is imperative that we implement real campaign finance reform and provide citizens with a voice in the very foundation of democracy — the ballot box.

New York currently ranks 48th in voter turnout in the nation. Moreover, according to the Campaign Finance Institute, a smaller percentage of the population gives to candidates for election to state office in New York than in any other state.

We must reconnect the people to the political process and their government.

First, we must achieve fundamental campaign finance reform by implementing a system of public funding of elections. New York City's public financing system provides

a good model for statewide reform. The system has helped to increase the number of overall contributors — and especially the number of small donors — in city elections. To make sure we are protecting taxpayers, we will enact strict limits on total public funding per election, and we will phase the system in gradually.

Second, we must lower contribution limits. For most offices, New York State’s contribution “limits” are substantially higher than those of any other state that imposes limits. Further, existing contribution limits for corporations are riddled with loopholes. In short, the state’s campaign finance laws fail to prevent the dominance of wealthy contributors and special interests.

Third, we must enact pay-to-play rules to further restore the public trust. Companies and individuals who do business with the state should have no undue influence over elected officials. Accordingly, we must enact low contribution limits for public contractors and lobbyists.

Fourth, we must improve the enforcement of our state’s campaign finance laws by creating a new enforcement unit in the State Board of Elections with the independence and authority to investigate alleged violations.

These and other reforms to our campaign finance laws are necessary to empower New Yorkers by giving them an equal voice in our elections. We must enact campaign finance reform this year.

Independent Redistricting

Unlike many other states, New York’s elected representatives decide what their districts should look like. That puts the interests of incumbents ahead of the public interest. As part of my reform agenda, it is imperative

that an independent redistricting process produce new district maps for New York State after each census and I would veto any lines not developed through such a process. Independent redistricting will help restore public trust in government.

The redistricting process would work transparently with public hearings held in every corner of New York. Comments and feedback would be submitted by individual voters, organizations, and stakeholders. The proposed district maps will be subject to extensive public comment and revised as necessary before being finalized.

Protect Reproductive Rights

I will continue to vigorously protect a woman's right to choose and will fight for passage of the Reproductive Health Act. This Act protects the fundamental right of reproductive freedom and a woman's right to make private health care decisions. A woman facing an unplanned or problem pregnancy should have the opportunity to make the best decision for herself and her family. The Reproductive Health Act will ensure that the rights of individuals to make difficult and personal health care decisions are preserved

Create an Office for New Americans

We must also live up to the promise of the Lady in our Harbor and ensure that New York remains a land of opportunity for all. We will create an Office for New Americans to assist the many legal permanent residents eager to contribute to our economy and become part of the family of New York.

For those with high skills training and experience, the Office for New Americans will provide assistance in obtaining the

licenses and credentials they need to get good jobs. For those with limited formal education, the Office will provide access to adult education and job training.

The Office will promote programs that encourage new Americans to participate in New York State civic and economic life, and will help legal permanent residents navigate the path to citizenship. It will also help them by encouraging entrepreneurship. Finally, it will take steps to protect new Americans as they transition to full participation in New York's communities.

When new New Yorkers prosper, we all prosper. When they succeed, we all succeed. We are not afraid of immigrants in New York – because we are immigrants, and children of immigrants, and we know how much they contribute to the state.

Train Leaders for a *New New York*

As I've said, we must address the state's human capital crisis. The *New New York* Leaders Initiative will create opportunities for the state's next generation to dedicate their careers to public service.

The Initiative will consist of two components aimed at renewing the connection between young people and the state and ensuring that our government is diverse, talented, and prepared to lead the way for decades to come.

The first component, the Student Intern Program, will bring students into state government to allow them to experience the work of governing and the complex policy challenges facing New York State. Each student will be assigned to a particular area within an Executive Branch agency or department. The program will provide hands-on experiences for interns to interact with government leaders and policymakers.

The second component, the Empire State Fellows Program, is a full-time leadership training program that will prepare the next generation of talented professionals who are members of underrepresented groups for careers as New York State policymakers. The program will provide exceptional mid-career professionals with firsthand experience working at the highest levels of New York State government. The Empire State Fellows Program is an opportunity to expand the way we develop policymakers in New York State and help ensure that New York retains its position as a leader in policy innovation.

Conclusion

By all accounts, last year was a tremendous success. There are many reasons why, including one simple one: We changed our attitude. We had a constructive impatience for government dysfunction and a disregard for the political extremists on the left and the right, we believed in the people, and we had a mutual respect, both institutional and personal.

By the end of the year, we were not first Democrats and Republicans, we were first New Yorkers and we acted that way. We put the politics aside and put the people first. And it worked. And we worked. We delivered for the people — and we made this state a better state and I was honored to be a part of it with you.

Cynics will say we can't do it again, that we can't do any better. Well, cynics don't know us, and they don't know New York.

Today, I am telling you this: we are going to reach even higher.

Last year, we learned to walk — this year, we run.

They elected us to lead, and we will join hands and lead.

We have only begun to explore the capacity of our partnership and the limits of our imagination.

Together, we can make New York the strongest it has ever been. We can build the biggest convention center in the country. We can build a new energy system across our entire state. We can stop talking about yesterday in Buffalo and start talking about tomorrow. We can rebuild this government for a new generation. We can rebuild 100 bridges and 2,000 miles of road. We can create thousands of jobs. We can rebuild our State Capitol better, brighter, and smarter than ever before.

And we can welcome a new generation of New Yorkers to visit the best Capitol in the country, where we stand on a proud history to reach toward a brighter future.

We dream big and we act smart — because we know who we are, we are New York.

We built the Empire State Building — all 102 stories — in just 400 days — in the middle of the depression — because we are New York.

We opened the Erie Canal, an engineering marvel that opened the nation to commerce — because we are New York.

We are the birthplace of the women's suffrage movement, the environmental movement, the workers' rights movement. We are the nation's progressive voice — because we are New York.

We are the gateway for immigrants worldwide and we are proud of it.

Other states build walls to keep people out and we open our arms and invite people in because we are the state of immigrants.

We don't fear diversity, we celebrate diversity—because we are New York

We are the state of infinite possibility — because we are New York.

There is nothing that we can't do when we are together. Because we are New York.

Let's make dreams come true.

Let's get to work!